

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



MECOM POWER AND CONSTRUCTION LIMITED

澳能建設控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1183)

(Warrant code: 2242)

DISCLOSEABLE TRANSACTION EXCLUSIVE DISTRIBUTORSHIP AGREEMENT IN RELATION TO ELECTRIC VEHICLES

THE AGREEMENT

Reference is made to the announcement of the Company dated 9 December 2022 in relation to the memorandum of understanding entered into between the Company and Wuling Motors, pursuant to which the Company and Wuling Motors proposed to be strategic business partners with each other in the development of new energy vehicle business.

The Board is pleased to announce that on 28 December 2022, MUCharging (an indirect wholly owned subsidiary of the Company) as distributor entered into the Agreement with the Supplier (a subsidiary of Wuling Motors), pursuant to which MUCharging shall be the exclusive distributor of certain electric motorbikes and electric delivery vehicles supplied by the Supplier in Hong Kong and Macau for a term of three years.

LISTING RULES IMPLICATIONS

As the one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Arrangement exceeds 5% but is less than 25%, the Arrangement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and therefore the Company is subject to notification and announcement requirements but is exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 9 December 2022 in relation to the memorandum of understanding entered into between the Company and Wuling Motors, pursuant to which the Company and Wuling Motors proposed to be strategic business partners with each other in the development of new energy vehicle business.

The Board is pleased to announce that on 28 December 2022, MUCharging (an indirect wholly owned subsidiary of the Company) as distributor entered into the Agreement with the Supplier (a subsidiary of Wuling Motors), pursuant to which MUCharging shall be the exclusive distributor of certain electric motorbikes and electric delivery vehicles supplied by the Supplier in Hong Kong and Macau.

THE AGREEMENT

The principal terms of the Agreement are summarised as follows:

Date	28 December 2022
Parties	Supplier: Liuzhou Wuling Motors Industrial Company Limited* (柳州五菱汽車工業有限公司) Distributor: MUCHARGING (Macau) Limited (an indirect wholly owned subsidiary of the Company)
Duration	For a term of three years
Products	Electric motorbikes and electric delivery vehicles of the Supplier, and the exact model to be supplied by the Supplier to MUCharging shall be set out in definitive sales agreement to be entered into between MUCharging and the Supplier
Security deposit	US\$170,000 (which is equivalent to 5% of the total price of 200 vehicles, which is the first year Sales Target under the Agreement), which is payable by MUCharging within 30 days of the date of the Agreement. The security deposit shall be non-refundable
Price	The exact price of the Products shall be set out in definitive sales agreement to be entered into between MUCharging and the Supplier Assuming that the actual price payable by MUCharging to the Supplier for the Products throughout the term of the Agreement are the same as the price of the Products for the purpose of the calculation of the security deposit, MUCharging is expected to pay in aggregate of US\$18,700,000 to the Supplier for the Products in order to achieve the Sales Targets

Major terms and pricing terms of the Agreement

MUCharging acts as the exclusive distributor of the Products supplied by the Supplier in Hong Kong and Macau, and is responsible for the marketing, sales and provision of after-sales services of such Products. MUCharging agrees not to engage in sales or distribution of products similar to and in competition with the Products supplied by the Supplier under the Agreement, and the Supplier agrees not to conduct sales activities or appoint other distributors for the sale of the Products in Hong Kong and Macau during the term of the Agreement.

Pursuant to the Agreement, the Supplier shall sell the Products to MUCharging, which depends on the cost of raw materials of different models of the Products and pricing policy of the Supplier. The purchase price of the Products shall be paid by MUCharging to the Supplier by way of telegraphic transfer, 30% of which is payable within 10 days after the date of signing the relevant definitive sales agreements and the remaining 70% is payable before delivery of the relevant Products by the Supplier.

The Company expects that the purchase price of the electric vehicles to be funded by internal resources of the Group.

MUCharging shall use reasonable efforts to assist the Supplier to achieve its Sales Targets, being 200 vehicles, 400 vehicles and 500 vehicles for the first, second and third year respectively of completion of administrative and inspection procedures for import of the relevant Products. If the Sales Targets cannot be achieved, the parties shall discuss the remedial actions to be taken, failure of which would render the Supplier a right to unilaterally terminate the Agreement.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE AGREEMENT

In furtherance of the Group's existing business of the provision of EV charging services, the Board considers that the exclusive distribution of the specific models of electric vehicles of the Supplier in Hong Kong and Macau enables the Group to further develop upstream into the EV production ecosystem and hence further establish itself in the rapidly developing EV industry. The Group can also retain the end-customers in the said regions who purchase such EV of the Supplier, which is a gateway for the Group to expand its own customer base for EV-related services, increase its market shares and consolidate its position in the EV market.

Having considered the above, the Directors are of the view that the entering into of the Agreement is in the interests of the Group, and the terms of the Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

INFORMATION ON THE GROUP AND THE SUPPLIER

The Company is principally engaged in investment holding and the Group is principally engaged in provision of construction services, including (i) construction and fitting out works; (ii) high voltage power substation construction and its system installation works; (iii) electrical and mechanical engineering services work; and (iv) provision of facilities management services, and provision of EV charging services including (a) sale of EV charging systems; (b) subscription fee income. MUCharging, an indirect wholly owned subsidiary of the Company, is principally engaged in the provision of EV charging services.

The Supplier, a subsidiary of Wuling Motors, is principally engaged in investment holding, manufacture and sale of automotive components and accessories, specialized vehicles, trading of steels, and provision of water and power supply services.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Supplier and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

THE LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Arrangement exceeds 5% but is less than 25%, the Arrangement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and therefore the Company is subject to notification and announcement requirements but is exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Agreement”	the exclusive distributorship agreement dated 28 December 2022 and entered into between MUCharging as distributor and the Supplier as supplier in relation to the exclusive distributorship of certain electric motorbikes and electric delivery vehicles of the Supplier in Hong Kong and in Macau
“Announcement”	the announcement of the Company dated 9 December 2022 in relation to the memorandum of understanding entered into between the Company and Wuling Motors
“Arrangement”	the exclusive distributorship arrangement contemplated under the Agreement
“Board”	the board of Directors
“Company”	MECOM Power and Construction Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1183)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“EV”	electric vehicle
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“MUCharging”	MUCHARGING (Macau) Limited, a company incorporated in Macau with limited liability and an indirect wholly owned subsidiary of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau and Taiwan
“Products”	electric motorbikes and electric delivery vehicles of the Supplier, and the exact model to be supplied by the Supplier to MUCharging shall be set out in definitive sales agreement to be entered into between MUCharging and the Supplier

“Sales Target(s)”	the sales target(s) of the Products agreed by the Supplier and MUCharging under the Agreement
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplier”	Liuzhou Wuling Motors Industrial Company Limited* (柳州五菱汽車工業有限公司), a company established in the PRC with limited liability and a subsidiary of Wuling Motors
“US\$”	United States dollar, the lawful currency of the United States of America
“Wuling Motors”	Wuling Motors Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 305)
“%”	per cent.

By Order of the Board
MECOM Power and Construction Limited
Kuok Lam Sek
Chairman

Hong Kong, 28 December 2022

As at the date of this announcement, the executive Directors are Mr. Kuok Lam Sek and Mr. Sou Kun Tou, and the independent non-executive Directors are Ms. Chan Po Yi, Patsy, Mr. Cheung Kiu Cho, Vincent and Mr. Lio Weng Tong.

* *For identification purposes only*